

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION  
Water Branch

RESOLUTION NO. W-4388  
April 3, 2003

**R E S O L U T I O N**

**(RES. W-4388), ARROWHEAD MANOR WATER COMPANY, INC. (AMWC). ORDER AUTHORIZING AN OFFSET RATE INCREASE OF \$68,447 OR 20.1% IN ADDITIONAL REVENUE DUE TO CONTRACT WORK AND PURCHASED WATER COSTS.**

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**SUMMARY**

By Advice Letter 50-W, filed January 15, 2003, and supplemented by 50-W-A, filed February 25, 2003, AMWC seeks to increase rates by \$68,447 or 20.1% to cover expenses incurred in contract work and purchased water costs. The increase will not result in a rate of return greater than last authorized for AMWC.

**BACKGROUND**

AMWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to adjust rates to offset the increase in its contract work and purchased water costs.

The present rates of AMWC became effective on October 30, 2002, pursuant to Res. No. W-4357, which authorized a two-time rate increase surcharge for contract work and purchased water costs for a total of \$67,421 or 23.7%.

AMWC is requesting recovery of \$68,447 through a two-time surcharge of \$61.12 and \$61.11 per customer for the under collection of contract work and purchased water memorandum accounts as authorized in Decision No. (D.) 00-07-036.

In D.02-07-009, July 17, 2002, the Commission directed the General Counsel to petition the Superior Court to appoint a receiver (Ordering Paragraph B). On February 24, 2003, the Superior Court of San Bernardino County appointed John

W. Richardson receiver for AMWC. Mr. Richardson will work with AMWC's existing employees to operate the system until he can arrange for its sale.

### **NOTICE AND PROTESTS**

Notice of the proposed surcharge was mailed to each customer on January 24, 2003. Ten protest letters were received.

### **DISCUSSION**

D.00-07-036, dated July 20, 2000, which authorized an interim general rate increase of 87.6%, also authorized AMWC to establish and maintain a purchased water memorandum account and a contract repair work memorandum account to track actual purchased water and contract work expenditures beginning with the effective date of the increased rate authorized in D.00-07-036. In addition, D.00-07-036 authorized AMWC to file advice letters by January 31 and July 31 each year seeking Commission approval for a customer billing surcharge or surcredit to collect or refund the accumulated amounts by which its actual, reasonable purchased water and contract repair work expenses in the memorandum accounts as of the preceding December 31 or June 30 deviate from the currently authorized amounts. In this advice letter, AMWC requests a two-time surcharge of \$61.12 and \$61.11 per customer to recover a total of \$68,447 recorded in the purchased water and contract repair work memorandum accounts from July 1, 2002 through December 31, 2002, which exceeded the amounts currently authorized for purchased water and contract repair work over the same time period.

Since AMWC has both flat rate and metered customers, AMWC is requesting recovery of the contract work and the purchased water memorandum accounts be recovered from the customers through a two-time surcharge. Division has no objection.

### **FINDINGS**

1. Decision 00-07-036, dated July 20, 2000, which authorized an interim general rate increase of 87.6%, also authorized AMWC to establish and maintain a purchased water memorandum account and a contract repair work memorandum account to track actual purchased water and contract work

expenditures beginning with the effective date of the increased rate authorized in Decision 00-07-036.

2. Decision 00-07-036 authorized Arrowhead Manor Water Company AMWC to file advice letters by January 31 and July 31 each year seeking Commission approval for a customer billing surcharge or surcredit to collect or refund the accumulated amounts by which its actual, reasonable purchased water and contract repair work expenses in the memorandum accounts as of the preceding December 31 or June 30 deviate from the currently authorized amounts.
3. Arrowhead Manor Water Company requests a two-time surcharge of \$61.12 and \$61.11 per customer to recover a total of \$68,447 recorded in the purchased water and contract repair work memorandum accounts from July 1, 2002 through December 31, 2002, which exceeded the amounts currently authorized for purchased water and contract repair work over the same time period.
4. The Commission finds, after investigation by the Water Branch, that the rate increase hereby authorized is justified, and the resulting rate is just and reasonable.

**THEREFORE IT IS ORDERED THAT:**

1. Authority is granted under Public Utilities Code Section 454 for Arrowhead Manor Water Company to make effective the revised rate Schedules Nos. 1A, Annual Metered Service; and No. 2RA, Annual Residential Flat Rate Service, attached to Advice Letter 50-W-A, and to cancel its presently effective rate schedules. The effective date of the revised rate schedules shall be five days after the date of this resolution.
2. Arrowhead Manor Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5 and memorandum accounts as required by Decision No. 00-07-036.

3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 3, 2003; the following Commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director

MICHAEL R. PEEVEY  
President  
CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners